
HOUSE BILL No. 1708

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-3.1-20.

Synopsis: Clean coal technology investment tax credit. Provides a credit against state tax liability equal to 20% of certain qualified investments for the purchase or installation of clean coal technology. Provides that a taxpayer may not claim the credit unless: (1) the Indiana utility regulatory commission (IURC) certifies that the investment is a qualified investment; and (2) the taxpayer submits and the IURC approves a plan describing the possible effects that the proposed installation of the clean coal technology will have on the taxpayer's operation. Specifies that not more than \$10,000,000 in credits may be allowed in any state fiscal year.

Effective: January 1, 2002.

Liggett

January 17, 2001, read first time and referred to Committee on Ways and Means.



C
o
p
y

Introduced

First Regular Session 112th General Assembly (2001)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2000 General Assembly.

HOUSE BILL No. 1708

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 6-3.1-20 IS ADDED TO THE INDIANA CODE
2 AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2002]:

4 **Chapter 20. Clean Coal Technology Investment Tax Credit**

5 **Sec. 1. As used in this chapter, "clean coal technology" means**
6 **equipment (including equipment for the precombustion treatment**
7 **of coal) that:**

8 (1) is used at a new or existing electric generating facility in
9 Indiana; and

10 (2) directly or indirectly reduces airborne emissions of sulfur
11 or nitrogen based pollutants associated with the combustion
12 or use of Indiana coal.

13 **Sec. 2. As used in this chapter, "commission" refers to the**
14 **Indiana utility regulatory commission.**

15 **Sec. 3. As used in this chapter, "department" refers to the**
16 **department of state revenue.**

17 **Sec. 4. As used in this chapter, "Indiana coal" has the meaning**

2001

IN 1708—LS 7458/DI 73+



C
o
p
y

set forth in IC 8-1-2-6.6.

Sec. 5. As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) limited liability company; or
- (4) limited liability partnership.

Sec. 6. As used in this chapter, "qualified investment" means a taxpayer's expenditures for the purchase or installation of clean coal technology that are certified by the commission under section 12 of this chapter as being eligible for the credit under this chapter, if the technology is installed or used in Indiana.

Sec. 7. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.1 (the gross income tax);
- (2) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (3) IC 6-3-8 (the supplemental corporate net income tax);
- (4) IC 6-5-10 (the bank tax);
- (5) IC 6-5-11 (the savings and loan association tax);
- (6) IC 6-5.5 (the financial institutions tax); and
- (7) IC 27-1-18-2 (the insurance premiums tax).

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 8. As used in this chapter, "taxpayer" means a person, corporation, partnership, or other entity that has any state tax liability.

Sec. 9. (a) Subject to the provisions of this chapter, a taxpayer is entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer makes a qualified investment in that year.

(b) The amount of the credit to which a taxpayer is entitled is equal to the amount of the qualified investment made by the taxpayer in the taxable year multiplied by twenty percent (20%).

Sec. 10. (a) If a pass through entity does not have state income tax liability against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

- (1) the tax credit determined for the pass through entity for the taxable year; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

C
o
p
y



(b) The credit provided under subsection (a) is in addition to a tax credit to which a shareholder or partner of a pass through entity is otherwise entitled under this chapter.

Sec. 11. (a) If the amount of the credit determined under this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to the following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 12. (a) To be entitled to a credit under this chapter, a taxpayer must before making an expenditure request the commission to determine whether the expenditure is a qualified investment.

(b) After receiving a request for a determination, the commission shall:

- (1) review the proposed expenditure; and
- (2) not more than six (6) months after receiving the request, send to the taxpayer and to the department a letter:
 - (A) certifying that the expenditure is a qualified investment; or
 - (B) stating the reason why the expenditure is not a qualified investment.

Sec. 13. Any addition to any other requirements under this chapter, a taxpayer may not claim a credit under this chapter unless:

- (1) the taxpayer submits to the commission a clean coal technology investment plan describing the possible effects that the proposed installation of the clean coal technology will have on the taxpayer's operation; and
- (2) the commission approves the clean coal technology plan submitted by the taxpayer.

Sec. 14. To receive the credit provided by this section, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. A taxpayer claiming a credit under this chapter shall submit to the department a copy of the certification letter provided under section 12 of this chapter. The taxpayer shall submit to the department all information that the department determines is necessary for the calculation of the credit provided by this chapter and for the



C
o
p
y

1 determination of whether an expenditure was for a qualified
2 investment.

3 **Sec. 15. (a) The amount of tax credits allowed under this chapter**
4 **may not exceed ten million dollars (\$10,000,000) in any state fiscal**
5 **year.**

6 **(b) The department shall record the time of filing of each**
7 **application for allowance of a credit and shall approve the**
8 **applications, if they otherwise qualify for a tax credit under this**
9 **chapter, in the chronological order in which the applications are**
10 **filed in the state fiscal year.**

11 **(c) When the total credits approved under this section equal the**
12 **maximum amount allowable in any state fiscal year, no application**
13 **thereafter filed for that same fiscal year may be approved. The**
14 **department may, if the applicant so requests, approve a credit**
15 **application, in whole or in part, with respect to the next succeeding**
16 **state fiscal year.**

17 **Sec. 16. The department and commission shall adopt rules to**
18 **carry out this chapter.**

19 **SECTION 2. [EFFECTIVE JANUARY 1, 2002] IC 6-3.1-20, as**
20 **added by this act, applies only to taxable years beginning after**
21 **December 31, 2001.**

C
o
p
y

